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DEPARTMENT FOR AF/S AND EB/CBA - DENNIS WINSTEAD
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SUBJECT: ZAMBIA NOVEMBER 2007 ECONOMIC ROUNDUP

[1](#)1. SUMMARY

-- ZAMBIAN AIRWAYS SUSPENDS FLIGHT SERVICES TO HARARE
-- ANNUAL INFLATION RATE FALLS IN NOVEMBER
-- LUSAKA INTERNATIONAL AIRPORT IN NEED OF NEW RADAR CONTROL SYSTEM
-- KARIBA NORTH BANK EXTENSION PROJECT TAKES OFF
-- SOUTH KOREAN MINERALS COMPANY ENTERS MARKET
-- COMESA TRADE MINISTERS MEET IN LUSAKA

Zambian Airways suspends flight services to Harare

[1](#)2. Zambian Airways suspended its flights to Harare, effective December 1, due to high fuel prices and currency volatility in Zimbabwe. Air Zimbabwe will continue to operate its daily flights between the two cities, although some Zambians express concern about flying on the airline, questioning whether it is adequately addressing safety issues, given the country's economic difficulties. Travel to Harare is also possible on South African Airways (via Johannesburg) or by road (a six-hour journey).

Annual inflation rate falls in November

[1](#)3. According to the Central Statistical Office's (CSO's) Consumer Price Index, Zambia's year-on-year inflation rate for November to be 8.7 percent. This marks a slight decline from the October year-on-year rate of 9.0 percent. The CSO Acting Director attributed the inflation rate change to declining food prices.

Lusaka Airport in need of new radar system

[1](#)4. The National Airport Corporation has requested K8.2 billion (approximately USD two million) to rehabilitate and upgrade its radar system or K96 billion (approximately USD 24 million) to replace it. Currently, air traffic controllers at all designated international airports in Zambia use the Procedural Air Traffic Control system to manage traffic in the Zambian air space. Lusaka Airport's air traffic control radar system, a donation from the Italian Government in 1995, has never been operational because it was struck by lightning shortly after its installation.

Kariba North Bank power project takes off

[1](#)5. ZESCO Limited and Synohydro Corporation of China signed a USD 243 million engineering, procurement, and construction contract to expand the Kariba North Bank power station. The Export Import Bank of China will finance 85 percent of the total project cost, which is expected to be completed by 2011. The power station's

output will increase from its current capacity of 600 mega watts (MW) to 720 MW. ZESCO will also create an underground 360MW capacity plant adjacent to the existing facility, increasing the capacity to 1080 MW. Zambia's current total power generation is 1,640 mega watts, which is inadequate in the face of new mining projects and increased demand by commercial farmers. ZESCO has resorted to load shading, especially with domestic consumers, in order to meet increased commercial demand.

South Korean minerals company enters market

16. Zamkor, a Zambian mining prospecting company, signed an agreement with the Korean Government owned Korean Resource Corporation (KORES) to explore for copper and uranium deposits in Mufumbwe district in Northwestern Province. The Chief Executive Officer of Hetro Mining Company, which previously held the mining concession for Mufumbwe district, has cried foul. He alleges that the Ministry of Mines and Mineral Development cancelled Hetro's mining license in order to benefit Zamkor's owners, which include a Mufumbwe chief as well as a GRZ deputy minister.

COMESA Trade Ministers meet in Lusaka

17. COMESA trade ministers met in Lusaka on November 26-27 to discuss issues related to the bloc's economic integration goals. The ministers also reaffirmed their commitment to harmonizing their agenda with other regional economic communities, particularly SADC and the EAC (East African Community). The organization appears to be on track to launch its Customs Union in December 2008. COMESA Secretary General Erastus Mwencha announced that his contract will

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end in June 2008 after a successful 25 years career with COMESA.

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According to COMESA officials, his replacement will be named at the COMESA Summit in Harare in May 2008. It is widely expected to be his deputy, Zimbabwean national Sindiso Ngwenya.

MARTINEZ